

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3261-03  
Bill No.: HBs 1030, 1033, 1146, 1225, and 1326  
Subject: Political Subdivisions: Sales Tax, Transient Guest Tax, Fire Protection Districts,  
County Commissions, Ambulance Districts, and Roads  
Type: Original  
Date: March 3, 2006

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$17,049 or Unknown	\$32,714 or Unknown	\$47,980 or Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$17,049 or Unknown</b>	<b>\$32,714 or Unknown</b>	<b>\$47,980 or Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Road	\$0	\$0	\$0
School Moneys	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Local Government</b>	<b>\$17,049 to (Unknown)</b>	<b>\$32,714 to (Unknown)</b>	<b>\$47,980 to (Unknown)</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials of the **Office of State Treasurer** assume no fiscal impact to their office.

Officials of the **Office of State Court Administrator** assume no fiscal impact on the Courts.

Officials of the **Department of Social Services** assume no fiscal impact.

Officials of the **Office of Administration** made no comment on the legislation.

Officials of the **Department of Public Safety - All Divisions** assume no fiscal impact.

Officials of the **Department of Health and Senior Services** assume no fiscal impact to their department.

Officials of the **Department of Revenue** assume they would have some administrative impact from the numerous sales taxes allowed, however, officials assume no fiscal impact.

ASSUMPTION (continued)

Officials of the **Department of Mental Health** assume no fiscal impact.

**Oversight** assumes the following sections in this proposal are permissive, procedural, changes certain requirements, or empowers governing bodies at their discretion to do various things.

Section 49.292 Allows County Commissions to reject land gifts to the county.

Section 50.327 Requires county public administrators to be paid a salary according to the statutory schedule.

Section 50.800, 50.810, and 50.815 Makes changes as to what is published in county financial statements and makes some items required.

Section 52.230 Changes the date on which Collectors of Revenue in 1st class non-chartered and 2nd, 3rd, and 4th class counties must send out delinquent tax statements.

Section 67.304 Allows the governing body of any municipality or county to authorize its employees or agents to stand in a road to solicit charitable contributions

Section 72.080 Changes the requirements for the incorporation of a city or town

Section 138.010 Changes the membership of county boards of equalization

Section 138.135 Makes minor changes in the law which affects county board of equalization in St. Louis County.

Section 177.091 Allows the City of Corder to sell property purchased from a school district for any purpose it deems necessary after 25 years.

Section 228.040 228.070 and 228.190 Allows County Commissions, at their discretion, to open a county road and conclusively establishes the status as a public road of any county road for which the county has received County Aid Road Trust funds for at least five years after January 1, 1990.

The County Highway Engineer is no longer required to examine and approve a road or road change before the county

ASSUMPTION (continued)

Section 321.200 Authorizes the Circuit Court of the county to fill a vacancy on a county fire protection district board if the remaining elected members cannot agree

Section 473.748 Makes any term or provision in a contract unenforceable if it requires a Public Administrator who is acting as a guardian to pay the debt of a ward.

Section 1 Reassigns the Monroe City R-1 School District to a county with the higher dollar value modifier.

Officials of the **Department of Elementary and Secondary Education** stated that the proposed language will cause an increase to the dollar value modifier variable used for the district from 1.000 to 1.023. This change will have cost to the state's general revenue fund and to the state school moneys fund and will increase the state payment to the district by approximately \$17,049 in FY07, \$32,714 in FY08 and \$47,980 in FY09 for a total of \$97,743. These are estimates based on constant pupil counts and the state adequacy target.

While the language in section 1 is written for a specific school district, it sets a precedent in public policy of allowing school districts in multiple counties to make a change to their six digit school district number so that the county with the highest dollar value modifier is used in the school district number. Using a higher dollar value modifier for a district than otherwise would be used will increase the state cost to fund the formula passed in SB 287 in 2005. There are likely several other districts who will seek special legislation if the language in section 1 is approved.

Section 2 Requires the cities of Rogersville and Springfield to abide by the terms of the November 15, 2005, settlement agreement between the cities relating to involuntary annexation of certain real property located between the two cities.

**SALES TAXES - CERTAIN POLITICAL SUBDIVISIONS:**

**Oversight** assumes that the following Sections of this proposal are permissive and would require action by the governing body with voter approval. Oversight assumes these sections as written would not result in fiscal impact.

Section 67.997 allows officials of Perry County to place on the ballot the question of imposing a sales tax for providing senior services.

ASSUMPTION (continued)

Section 67.2040 allows officials of Pulaski County to place on the ballot the question of imposing a sales tax for providing a shelter for women and children.

Section 94.860 allows municipalities in St. Louis County to place the question of imposing a sales tax for public safety reasons.

Section 321.552 Authorizes any ambulance or fire protection district in the counties of Greene, Platte, Clay, St. Charles, and St. Louis, upon voter approval, to impose a sales tax of up to one-half of 1% for the operation of the district and for the reduction of property taxes. Currently, the ambulance and fire protection districts in these counties are excepted from the tax authorization. Ambulance or fire protection districts imposing a tax under this authorization cannot charge residents a fee for services rendered.

Officials of the **Taney County Ambulance District** and the **St. Charles County Ambulance District** stated that for the ambulance districts that currently levy a sales tax this bill would eliminate 60% of their annual revenue (\$500,000.00) with the stipulation that no residents of the district will be charged a fee for service. Coupled with the requirement of rolling back property tax up to 50% of the sales tax collected will cripple the industry as it effectively eliminates any monies collected under the sales tax and reduces the property tax at the same time.

**Oversight** assumes this proposal does not require districts which currently have a sales tax under this section, to roll back property taxes; however, new language would prohibit ambulance and fire districts which currently levy a sales tax from charging a user fee. Based on fiscal impact statements by ambulance officials, **Oversight will show a loss of revenue to ambulance and fire district which currently levy sales taxes, from restrictions on collecting user fees. Oversight has no way of estimating the loss to ambulance and fire districts; therefore, the loss will be shown as Unknown, and expect the loss on a statewide basis to exceed \$100,000 annually.** **Oversight** assumes this proposal is permissive for those ambulance and fire districts located in certain counties, which under this proposal receives the authority for the first time to seek voter approval to levy a sales tax for fire or ambulance purposes. **Oversight** assumes that the boards of ambulance and fire districts would do what is best for their district, and assume no fiscal impact for them. This proposal does not require them to seek voter approval for a sales tax.

ASSUMPTION (continued)

Section 321.162 Requires board members of fire protection districts elected on or after January 1, 2007, to attend a training course approved by the State Fire Marshal.

Officials of the **Department of Public Safety - State Fire Marshal** assume no fiscal impact to their office.

Officials of the **Central County Fire & Rescue**, and the **DeSoto Fire Protection Districts** assume there would be costs associated with travel and lodging. DeSoto District officials estimate costs at \$400 annually unless training is held regionally, then there would be no cost. Central County estimates costs of \$1,000 per new board member.

**Oversight** assumes costs would be minimal for fire protection districts. **Oversight** will show fiscal impact to fire protection districts as \$0 or Unknown, depending upon where training is held. **Oversight** assumes this proposal would become law on September 1, 2006 and would only affect board members elected on or after January 1, 2007. **Oversight** will show fiscal impact for 6 months of FY 2007.

Section 3 Authorizes the Governor to sell, transfer, grant, and convey property in Jackson County.

Officials of the **Office of the Governor** assume no fiscal impact to their office.

Officials of the **Office of Administration** assume no fiscal impact.

Officials of the **Missouri Department of Transportation** assume the property to be conveyed belongs to the State Highway Commission, and the property which the department currently leases. Officials stated that Section 227.290 RSMo authorizes the Missouri Highway and Transportation Commission in its discretion, to convey its interest in land and requires all moneys received from the disposal of any such interest to be deposited in the State Road Fund (SRF). Officials stated they estimate costs of relocating their maintenance facility would be approximately \$6,000,000. Officials stated they currently leases property for approximately \$10,000 annually and does not believe leased property can be conveyed.

**Oversight** assumes if the Governor would convey the property, the sale income would be deposited into the State Road Fund, and the amount would be sufficient to cover the costs of relocating, resulting in \$0 fiscal impact to the State Road Fund.

ASSUMPTION (continued)

Section 4 allows officials of the City of Joplin to place on the ballot the question of imposing a sales tax for preserving non-profit museums, and historical places.

**Oversight** cannot estimate the amount of revenue that might be generated by the sales taxes because Oversight cannot predict if voters will approve the imposition of a sales tax for any of the above listed reasons. Therefore, **Oversight** will show fiscal impact as \$0 or a positive Unknown. **Oversight** assumes if a sales tax were approved that annual costs would not exceed the income generated, resulting with either a \$0 balance or a positive Unknown balance for any sales tax fund listed.

**Oversight** assumes if any of the sales taxes were approved by the voters, the Department of Revenue - Sales Tax Division would collect the tax. Officials of the Department of Revenue assume any administrative impact could be absorbed with existing personnel. **Oversight** assumes the Department of Revenue would retain a 1% collection fee and would deposit it in the State's General Revenue Fund. **Oversight** cannot predict if a sales tax would be approved, and if approved at what rate.

Therefore, it is not possible to estimate how much revenue might be generated by the 1% collection fee. **Oversight** will show fiscal impact to the General Revenue Fund as \$0 if no sales tax were approved by the voters, or a positive Unknown if one or more sales taxes would be approved.

TRANSIENT GUEST TAX - CERTAIN LOCAL GOVERNMENT:

Section 67.1003 allows the City of Gladstone to levy a transient guest tax for the purpose of promoting tourism. The City could not levy the tax without voter approval.

**Oversight** assumes that the Department of Revenue does not collect transient guest taxes, therefore, **Oversight** assume the City of Gladstone would have the costs associated with collection and administration of the tax. **Oversight** cannot predict the amount of revenue that would be generated by the tax, because, it is not known at what rate of tax the governing body would ask for voter approval. Therefore, **Oversight** will show income as \$0 if voters would not approve a tax, or Unknown if voters were to approve a transient guest tax. For purposes of this fiscal note fiscal impact will be shown as \$0. **Oversight** assumes annual costs would not exceed annual income.

FISCAL IMPACT - State Government

FY 2007  
 (10 Mo.)

FY 2008

FY 2009

**GENERAL REVENUE FUND**

**Income** to Department of Revenue

From 1% sales tax collection fee.

(Sections 4, 67.997, 67.2040, 94.860,  
 321.552)

\$0 or Unknown

\$0 or Unknown

\$0 or Unknown

**Cost** to Department of Elementary and  
 Secondary Education - State School  
 Moneys Fund

For increase in dollar value modifier  
 variable. (Section 1)

(\$17,049)

(\$32,714)

(\$47,980)

**ESTIMATED NET EFFECT TO  
 GENERAL REVENUE FUND**

(\$17,049) or  
Unknown

(\$32,714) or  
Unknown

(\$47,980) or  
Unknown

**STATE SCHOOL MONEYS FUND  
 (Section 1)**

**Income** to State School Moneys Fund

From State General Revenue Fund

\$17,049

\$32,714

\$47,980

**Cost** to State School Moneys Fund

For change in school modifier increase in  
 state payment to certain school district.

(\$17,049)

(\$32,714)

(\$47,980)

**ESTIMATED NET EFFECT TO  
 STATE SCHOOL MONEYS FUND  
 (Section 1)**

\$0

\$0

\$0



<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>STATE ROAD FUND (Section 3)</b>			
<b><u>Income</u></b> to State Road Fund			
From sale of property	Unknown	\$0	\$0
<b><u>Cost</u></b> to State Road Fund			
From relocating maintenance facility	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO STATE ROAD FUND (Section 3)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>CITY OF GLADSTONE TOURISM FUND (Section 67.1003)</b>			
<b><u>Income</u></b> to City of Gladstone Tourism Fund			
From voter approved transient guest tax.	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b><u>Cost</u></b> to City of Gladstone Tourism Fund			
From Administration of the tax, and promoting tourism	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT TO CITY OF GLADSTONE TOURISM FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>CERTAIN LOCAL GOVERNMENTS (Sections 4, 67.997, 67.2040, 94.860)</b>			
<b><u>Income</u></b> to Certain Local Governments From voter approved sales tax.	Unknown	Unknown	Unknown
<b><u>Cost</u></b> to Certain Local Governments From providing specified services.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO CERTAIN LOCAL GOVERNMENTS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>CERTAIN AMBULANCE AND FIRE PROTECTION DISTRICTS (Section 321.552)</b>			
<b><u>Loss of Revenue</u></b> to Certain Ambulance and Fire Protection Districts From restrictions on collecting user fees.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>FIRE PROTECTION DISTRICTS (Section 321.162)</b>			
<b><u>Cost</u></b> to Fire Protection Districts From training for board members	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(unknown)</u>
<b>AMBULANCE DISTRICTS (Section 190.053)</b>			
<b><u>Cost</u></b> to County Ambulance Districts From training for board members	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Local Government

FY 2007  
(10 Mo.)

FY 2008

FY 2009

**CERTAIN SCHOOL DISTRICT  
(Section 1)**

Income to certain school district  
from increase in state payment.

**\$17,049**

**\$32,714**

**\$47,980**

**ESTIMATED NET EFFECT TO  
LOCAL GOVERNMENT**

**\$17,049 to  
(Unknown)**

**\$32,714 to  
(Unknown)**

**\$47,980 to  
(Unknown)**

FISCAL IMPACT - Small Business

Small businesses within affected cities or counties would have to pay and collect and remit the additional sales tax or transient guest tax, if passed by the vote of the people.

DESCRIPTION

This substitute changes the laws regarding political subdivisions. In its main provisions, the substitute:

- (1) Allows a County Commission to reject the transfer of title of real property to the county by donation or dedication if it is in the best interest of the county to do so. The preparer of a document donating or dedicating real property to a county cannot submit the document for recording unless the grantee's acceptance is proved or acknowledged (Section 49.292, RSMo);
- (2) Establishes the salary schedule for Public Administrators in second, third, and fourth classification counties who choose to be paid by salary and who are considered full-time county officials as the base schedule for those officials, unless the current salary is lower than the compensation in the schedule. The lowering of county official salaries below the level being paid on August 28, 2005, is retroactively prohibited, and any action or vote doing so is voided (Section 50.327);
- (3) Requires second, third, and fourth classification counties to post their detailed financial statement on the county website, if one exists. Certain items previously required to be separately listed in the financial statement are consolidated. Maximum limits are established for the cost of publishing the detailed financial statement, depending on the assessed valuation of the county, and the costs must be paid out of the county general revenue fund rather than various other funds (Sections 50.800, 50.810, and 50.815);

DESCRIPTION (continued)

- (4) Requires all charter counties to mail property tax statements and receipts to taxpayers at least 30 days before they are due. Currently, statements are required to be mailed at least 15 days before the due date (Section 52.230);
- (5) Allows the governing body of any municipality or county to authorize its employees or agents to stand in a road to solicit charitable contributions. The employee or agent must make written application at least 11 days before soliciting and may need to provide proof of liability insurance. The governing body may require payment of a reasonable fee (Section 67.304);
- (6) Authorizes Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs. A Senior Services Tax Commission must be established to administer the revenue received for senior services (Section 67.997);
- (7) Authorizes the City of Gladstone to impose, upon voter approval, a transient guest tax of up to 5% on hotel and motel rooms to be used for the promotion of tourism (Section 67.1003);
- (8) Authorizes Pulaski County to impose, upon voter approval, a sales tax of one-eighth of 1% to fund construction of a women's and children's shelter. The sales tax will expire three years after its effective date unless repealed sooner (Section 67.2040);
- (9) Requires that all property owners within an area proposed to be incorporated into a city be notified by mail of the proposed incorporation, the date of the hearing, and that a public hearing will be held. The names and mailing addresses of all property owners within the proposed area are required in the petition for incorporation, and sufficient funds to cover the cost of mailing the notice must also be included (Section 72.080);
- (10) Authorizes municipalities in St. Louis County to impose, upon voter approval, a sales tax of up to 0.5% for improving public safety to be used solely for equipment purchases and employee salaries for police, fire, and emergency medical providers. Before placing the tax on the ballot, the municipality must itemize the police, fire, and emergency medical provider budgets, and the revenue generated from this tax will be divided proportionally between these departments based upon the declared budgets. Municipalities imposing a tax under this authorization cannot charge residents a fee for ambulance or fire protection services rendered (Section 94.860);
- (11) Removes the county assessor from a county board of equalization, but requires the assessor or a staff member to attend the hearings and present evidence pertaining to the assessment. The county commission must appoint one additional member with relevant experience to the board. Currently, county commissioners may appoint two additional members. The substitute also extends statewide a requirement that a property owner's position must prevail if a majority of the board of equalization is not present for a hearing after request by the property owner. Currently, this provision only applies to St. Louis County (Sections 138.010 and 138.135);

DESCRIPTION (continued)

(12) Allows the City of Corder to sell or use property originally acquired from a school district for public use for any purpose after 25 years (Section 177.091);

(13) Requires members of ambulance district boards first elected after January 1, 2006, to complete educational training. The training will be offered by a statewide association organized for the benefit of ambulance districts or approved by the State Advisory Council on Emergency Medical Services. The content of the training must include the duties of the ambulance district director, all ambulance district statutes and regulations, ethics and sunshine laws, financial and fiduciary responsibilities, and laws relating to the setting of tax rates and revenue limitations. If a board member does not receive the required training within one year of taking office, the board member cannot receive an attendance fee until training is completed (Section 190.053);

(14) Allows County Commissions, at their discretion, to open a county road and conclusively establishes the status as a public road of any county road for which the county has received county aid road trust funds for at least five years after January 1, 1990. The County Highway Engineer is no longer required to examine and approve a road or road change before the County Commission takes action on the road (Sections 228.040, 228.070, and 228.190);

(15) Requires members of fire protection district (FPD) boards first elected after January 1, 2006, to complete educational training. The content of the training will be determined by the State Fire Marshal but must include the duties of the FPD director, all FPD statutes and regulations, ethics and sunshine laws, financial and fiduciary responsibilities, and laws relating to the setting of tax rates and revenue limitations. If a board member does not receive the required training within one year of taking office, the board member cannot receive an attendance fee until the training is completed (Section 321.162);

(16) Authorizes the Circuit Court to fill a vacancy on a fire protection district board if the two remaining elected members cannot agree (Section 321.200);

(17) Authorizes any ambulance or fire protection district in the counties of Greene, Platte, Clay, St. Charles, and St. Louis, upon voter approval, to impose a sales tax of up to one-half of 1% for the operation of the district and for the reduction of property taxes. Currently, the ambulance and fire protection districts in these counties are excepted from the tax authorization. Ambulance or fire protection districts imposing a tax under this authorization cannot charge residents a fee for services rendered (Section 321.552);

(18) Makes any term or provision in a contract unenforceable if it requires a Public Administrator who is acting as a guardian to personally pay or guarantee the debt of a ward or protectee (Section 473.748);

(19) Reassigns the Monroe City R-1 School District to a county with a higher dollar value modifier (Section 1);

DESCRIPTION (continued)

(20) Requires the cities of Rogersville and Springfield to abide by the terms of the November 15, 2005, settlement agreement between the cities relating to involuntary annexation of certain real property located between the two cities (Section 2);

(21) Authorizes the Governor to convey state property located in Jackson County to the City of Kansas City (Section 3); and

(22) Authorizes the City of Joplin or any city to impose, upon voter approval, a retail sales tax of up to one half of 1% to be used for nonprofit museums and nonprofit organizations that develop, promote, or operate historical locations (Section 4).

The substitute has an emergency clause for the provision regarding the Monroe City R-1 School District. (Section 1)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

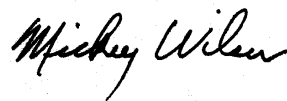
SOURCES OF INFORMATION

Office of the Governor  
Office of the State Treasurer  
Office of State Courts Administrator  
Missouri Department of Transportation  
Department of Social Services  
Office of Administration  
Department of Elementary and Secondary Education  
Department of Public Safety - All Divisions  
Department of Health and Senior Services  
Department of Revenue  
Department of Mental Health  
DeSoto Fire Protection District  
Central County Fire and Rescue - St. Louis County  
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NOT RESPONDING

Oversight sent response request to Cities and Counties on Oversight's response list and have not had any response.

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
March 3, 2006